

**Testimony of Sherman Reese
before the
House Subcommittee on Conservation, Credit,
Rural Development and Research
June 15, 2004**

Mr. Chairman and Members of the Subcommittee, my name is Sherman Reese. I am a wheat grower from Oregon and Vice President of the National Association of Wheat Growers.

I am pleased to appear before the subcommittee to present testimony on behalf of the National Association of Wheat Growers, the American Soybean Association, the National Barley Growers Association, the National Corn Growers Association, the National Cotton Council, the National Grain Sorghum Producers, the US Rice Producers Association and the USA Rice Federation on implementation of the conservation title of the Farm Security and Rural Investment Act of 2002.

We would like to thank you and the subcommittee for your leadership in helping to craft a conservation title for the 2002 farm bill that represents, in the words of President Bush, "the single most significant commitment of resources toward conservation on private lands in the nation's history."

Your leadership helped to expand successful programs such as the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program and the Wetlands Reserve Program. These voluntary, incentive-based programs are used by many of our members and provide numerous environmental benefits.

We support the changes in the Wildlife Habitat Incentives Program, which offers farmers a unique opportunity to receive NRCS technical assistance and cost share funds to install conservation practices that improve wildlife habitat on private lands. We also appreciate the promising new programs, such as the Grassland Reserve Program (GRP) and the Conservation Security Program (CSP). GRP authorizes enrollment of up to two million acres of restored, improved, or natural grassland, range land and pasture land. CSP, if properly implemented and administered, can provide an unprecedented opportunity to increase conservation practices and generate positive results on private working lands.

Yet not all is perfect. We realize the difficulties NRCS has faced in attempting to write a proposed rule for CSP with ever-changing budget parameters and less-than-clear signals from Congress. We continue to be concerned about the ongoing debate over funding sources for technical assistance. We understand the larger budget picture and its implications for conservation and agriculture. And we raise a new issue today with the intent of beginning a dialogue with the subcommittee on the future direction of conservation programs.

Regarding CSP, the proposed rule is not what our members expected. While USDA announced it will publish an interim final rule soon, no significant changes are

anticipated. Most of our members believe that in the rule's proposed form they will not be able to participate in the program.

Another primary concern is the definition of an agriculture operation. The proposed requirement that an applicant must include all lands that he or she has under his or her control and the requirement that an applicant must have control of the land for the life of the contract will be challenging, especially when applied to diversified, commercial operations. We have encouraged NRCS to be consistent and adopt the same farm definitions used by other farm and conservation programs administered by USDA.

Enactment of the 2004 Omnibus Appropriations measure removed funding limits previously imposed on CSP. CSP was intended to be operated as a mandatory program, and the final rule should reject arbitrary limitations on participation. The proposed rules are constructed as if the program will be capped instead of based on the law.

CSP is supposed to be a program for all producers on all working lands addressing one or more resources of concern on all or part of their farming operation. In this light, the concept of priority watersheds remains problematic.

My farm is located in one of the 18 watersheds selected for the program for this year. Although I farm in the Umatilla watershed, if I do not meet the right enrollment category or match the correct funding priority, I will be unable to participate for many years into the future. And if a farmer is not fortunate enough to be included in a selected watershed, they are also out of luck at least for several years. In addition, shrinking the base payments from five percent, 19 percent and 15 percent to one-tenth of those respective amounts for Tiers I, II and III, as well as reducing the 75 percent cost share, will make it difficult to encourage producers to participate.

Regarding technical assistance, it appears that the interpretation of the provisions of the farm bill and language added to the 2003 Omnibus Appropriations measure has eroded program resources as well as the confidence and support of our members.

For example, last year the EQIP program was initially authorized at \$700 million. The appropriations committee reduced it to \$695 million. Year-end funding stood at \$558 million as a result of the interpretation that requires EQIP to contribute funds for technical assistance requirements of the Conservation Reserve Program and the Wetlands Reserve Program.

This situation needs to be resolved soon. Worthy projects are going unfunded and needs are unmet. We support requiring each conservation program to pay its own technical assistance and urge an administrative fix as soon as possible.

Regarding the budget, we understand the 2002 farm bill was enacted during a time of budget surplus and is being implemented during a time of budget deficits. Clearly, there are increasing pressures to restrain domestic spending, but the farm law was written in compliance with the Budget Resolution in effect at the time. Therefore, the programs

authorized in the Farm Bill and signed into law by the President nearly two years ago should be implemented as authorized.

We strongly oppose efforts to amend, alter or siphon off funding from programs included in the 2002 farm bill. Nor do we believe that one conservation program should be funded at the expense of another, or that Title II should be funded at the expense of Title I. The 2002 farm bill should remain intact with original funding commitments honored. Our members have made long-term planning decisions based on the farm bill. Altering support levels provided would cause unnecessary disruption across the farming community. It is vitally important that we retain the balance we achieved during the farm bill. Congress must protect it.

Regarding the future of conservation programs, many of our members have expressed concern with how the programs are being implemented on the state and local level. Many believe their knowledge and expertise are ignored and not wanted. They believe they are essentially shut out of state technical committees, which as a result are dominated by paid professionals who usually do not have the farmer's best interest at heart. Our members are discouraged by backlogs in funding and seemingly arbitrary funding decisions.

Our members want to do what is right. They want to do more conservation. We should help them do it. Yet, we do not believe that just more money will solve these problems. We know that alone does not achieve results for the environment or is what the taxpayers want. Our members are more than willing to work with the agencies to find program efficiencies to hold down program costs, but this will not work if they are locked out from participating in the programs. We should focus on what works and finding the best way to do it, setting aside bureaucracy, infighting and political agendas. Our organizations will be working on this issue and hope the subcommittee will join us.

We appreciate this opportunity to present our views and will be pleased to respond to any questions.